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#### Replication Article

## The role of product newness in activating consumer regulatory goals\*

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#### ABSTRACT

This paper examines the role that product newness plays in activating consumer regulatory goals. We propose that these fundamental goals may not only be endogenously triggered in the new product evaluation context, but also will be determined by the type of product innovation, as gauged by the extent to which it is an incremental (INP) or really new product (RNP). More specifically, ad exposure to an INP (RNP) may spontaneously trigger a promotion (prevention) goal (Study 1). Further, we show that consumer perception of the cost to buy the product (whether the price was perceived to be high or low) moderates the relation between the RNP and activated regulatory goal. When consumers perceive the price of the RNP to be high (low), a prevention (promotion) goal is activated. However, the moderating effect of price is not found in the case of goal activation by the INP. In addition, we show that the situational regulatory focus induced mediates the effect of the interaction of price and product newness on purchase intention (Study 2).

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#### 1. Introduction

Consumer decision-making, including the product innovation adoption decision, may be regulated by two distinct goal systems: a promotion system emphasizing the pursuit of advancement and aspirations, and a prevention system ensuring safety and responsibilities (Higgins, 1997; Pham & Higgins, 2005). Considerable research has investigated the influence of self-regulation on decision-making processes such as choice and post-choice behaviors (e.g., Som & Lee, 2012; Trudel, Murray, & Cotte, 2012) within the context of existing products. However, with a few notable exceptions (e.g., Fransen, Reinders, Bartels, & Maassen, 2010; Herzenstein, Posavac, & Brakus, 2007), product innovation literature has paid lesser attention to consumer self-regulation system. Even so, the limited prior research has largely focused on the exogenous influences of promotion and prevention systems on attitude formation and purchase behavior; the malleability of regulatory systems as states endogenously activated by the objects being evaluated has not yet been examined in the context of product innovations.

Prior research has established that a temporary regulatory focus can be triggered beyond the chronic baseline level (Higgins, 1997; Kark & Van-Dijk, 2007; Lee & Aaker, 2004) by means of experimental manipulations such as priming and message framing (e.g., Pham & Avnet, 2004; Zhu & Meyers-Levy, 2007). Meanwhile, regulatory focus states are also malleable in the presence of contextual triggers. To illustrate, Labroo and Lee (2006) show that products bearing strong associations with promotion (e.g., nutritious hair conditioner) prime consumers' promotion goals whereas those strongly associated with prevention (e.g., lice-preventing shampoo) prime prevention goals. Zhou and Pham (2004) also demonstrate an association between specific

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financial products and self-regulatory goals. In particular, heightened promotion (prevention) orientation has been linked to the evaluation of individual stock (mutual fund). Following this research stream, we examine the possibility for product innovations to summon different goal orientations depending on their degree of product newness. We argue that, similar to a product's innate or salient regulatory function and symbolic goal orientation, a product's degree of newness will activate distinct regulatory goals in the new product decision-making context.

Two studies are conducted to verify the presence of goal activation effects of product innovation newness and explore the boundary conditions. The results of Study 1 show that consumers exposed to an advertisement of an incrementally new product (INP) display an increase in their promotion orientation scores, are more sensitive to positive outcomes of product usage and reveal preference toward product brands that manifest a promotion orientation in an unrelated product preference task, suggesting the activation of a promotion goal. By contrast, consumers shown an ad of a really new product (RNP) display an increase in their prevention orientation scores, are more sensitive to negative outcomes of product usage and demonstrate preference for product brands that manifest a prevention orientation in the unrelated product preference task, suggesting the activation of a prevention goal. The results of Study 2 show that this goal activation effect is moderated by consumer perception of product price. When a RNP is perceived to be high (low) in price, consumer prevention (promotion) goal may be activated. However, an INP is more likely to trigger a promotion goal, irrespective of consumers' price perception of this product innovation. We further examine whether the regulatory orientation triggered acts as a mediator of the influence of the interaction of price and product newness on purchase intention.

#### 2. Theory development

#### 2.1. Regulatory focus and goal activation

Regulatory focus theory (RFT) distinguishes two fundamental motivational orientation systems that regulate individuals' decision-making in the process of goal attainment, that is, the promotion system emphasizing advancement needs and pursuit of gains and the prevention system highlighting security needs and avoidance of losses (Higgins, 1997). Further, promotion versus prevention goals can be chronically accessible as stable strategic inclinations, or made temporarily accessible by experimental methods or exposure to contextual cues (Avnet & Higgins, 2006; Haws, Dholakia, & Bearden, 2010; Higgins, 2000; Lee & Aaker, 2004; Ramanathan & Dhar, 2010).

The notion that a regulatory goal can be temporarily activated is consistent with theories of goal activation. Goal system theory demonstrates that the structure of a goal is a cognitive network consisting of the goal, the contexts, the actions and the means associated with the goal (Kruglanski, 1996), and exposure to any of the cues in the cognitive structure can spontaneously trigger the goal (Shah, 2003; Shah & Kruglanski, 2003). More relevant to our research, auto-motive theory proposes that contextual cues can spontaneously and non-consciously activate goals which have the similar effects as conscious goals on directing behaviors (Bargh & Chartrand, 1999; Chartrand & Bargh, 1996). Both goal system theory and auto-motive theory indicate that a regulatory goal can be made accessible by contextual cues. Consistent with this notion, Zhou and Pham (2004) find that consumer self-regulatory goals can be momentarily triggered by evaluating financial products. Specifically, financial assets such as individual stocks and trading accounts activate a promotion orientation, while mutual funds and retirement accounts tend to trigger a prevention orientation. Similarly, Labroo and Lee (2006) indicate that products with salient promotion or prevention functions can prime consumer regulatory goals. Sengupta and Zhou (2007) show that exposure to a chocolate cake triggers a promotion focus among impulsive consumers. Past research has shown that products featuring kindchenschema (baby schema) may trigger consumers' protective, caretaking, and careful behaviors that are guided by prevention goals (e.g., Sherman, Haidt, Iyer, & Coan, 2013; Sprengelmeyer et al., 2009).

#### 2.2. Mental representation of product innovations

Previous studies suggest that the basic motivations underlying promotion versus prevention orientation are motivation for change versus motivation for stability (Kark & Van-Dijk, 2007; Kluger, Stephan, Ganzach, & Hershkovitz, 2004). In line with this notion, a prevention goal aims at assuring individuals' safety and security and preserving the status quo. In contrast, a promotion goal intends to pursue advancement and change and explore the advantage of creative behaviors (Crowe & Higgins, 1997; Friedman & Förster, 2001; Liberman, Idson, Camacho, & Higgins, 1999).

Consumer goals for a purchase decision can be context-independent. For example, one may buy a car to build a positive self-image or to enhance driving safety and reduce the risk of traffic accidents. However, in situations where the decision-making contexts strongly associate with and make accessible particular regulatory orientations, the goals may be temporarily triggered by the decision context per se, or become context-dependent. Consumers' adoption decision for new products may be one of such cases.

Most product innovations are adaptations, refinements, and enhancements based on existing products (e.g., a new model of sports car or an updated version of computer software), namely incremental new products (Song & Montoya-Weiss, 1998). The "newness" of the products, in the eyes of the customers, implies companies' promise to deliver better product features, functions, and experience that enhance existing products in some way (otherwise companies would just keep to their existing products). Consumers, therefore, may intrinsically connect such new products to the motivation for better change and goals to pursue enhancements (i.e., promotion goals).

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